TRANSPORTATION PARTNERSHIPS FUND

FINANCIAL STATEMENTS

For the Year Ended March 31, 2002

Provincial Auditor Saskatchewan

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AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Transportation Partnerships Fund as at March 31, 2002 and the statements of revenue, expenditure and net assets, and cash flows for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Transportation Partnerships Fund as at March 31, 2002 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
July 10, 2002

Fred Wendel, CMA, CA
Provincial Auditor

TRANSPORTATION PARTNERSHIPS FUND
STATEMENT OF FINANCIAL POSITION
As at March 31

	2002	2001
ASSETS		
Current Assets:		
Due from General Revenue Fund (Note 3)	$ 5,346,348	$ 2,956,678
Accounts Receivable	349,387	417,275
	$ 5,695,735	$ 3,373,953
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable	$ 95,025	$ 29,318
Long Term Liabilities:		
Deferred Revenue (Note 5)	3,156,533	-
Net Assets (Statement 2)	2,444,177	3,344,635
	$ 5,695,735	$ 3,373,953

(See accompanying notes to financial statements)

Statement 2

TRANSPORTATION PARTNERSHIPS FUND
STATEMENT OF REVENUE, EXPENDITURE AND NET ASSETS
For The Year Ending March 31

	2002	2001
Revenue		
Transportation Partnerships Agreement Revenues	$ 1,024,358	$ 1,160,214
Sale of Technology	5,000	16,050
Interest Revenue (Note 3)	108,192	140,295
Total Revenue	$ 1,137,550	$ 1,316,559
Expenditure		
Highway Improvement Projects	$ 1,842,891	$ 43,723
R & D Costs	108,322	53,364
Technology Manufacturing Costs	-	8,754
Administrative Expenses (Note 4)	86,795	85,278
Total Expenditure	$ 2,038,008	$ 191,119
(Deficit) Surplus for the year	$ (900,458)	$ 1,125,440
Net Assets, beginning of year	3,344,635	2,219,195
Net Assets, end of year (Statement 1)	$ 2,444,177	$ 3,344,635

(See accompanying notes to financial statements)

Statement 3

TRANSPORTATION PARTNERSHIPS FUND
STATEMENT OF CASH FLOWS
For the Year Ended March 31

	2002	2001
Cash flows from operating activities:		
Cash Receipts From Transportation Companies	$ 1,069,226	$ 1,276,326
Cash Receipts From Appropriations for Deferred Items	3,156,533	-
Cash Receipts From Technology Sales	5,000	28,050
Interest Received	131,212	122,295
Cash Paid For Highway Improvement Projects	(1,747,866)	(38,280)
Cash Paid For R & D Initiatives	(132,196)	(29,490)
Cash Paid For Manufacturing Costs	(5,444)	(17,956)
Cash Paid to R.M. Shareables	-	(1,167)
Cash Paid For Administration	(86,795)	(85,278)
Net increase in cash	$ 2,389,670	$ 1,254,500
Due From General Revenue Fund, beginning of year	2,956,678	1,702,178
Due From General Revenue Fund, end of year	$ 5,346,348	$ 2,956,678

(See accompanying notes to financial statements)

TRANSPORTATION PARTNERSHIPS FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2002

1. Authority and Definition of Entity

The Transportation Partnerships Fund was established effective July 1, 1997 pursuant to Section 8 of *The Highways and Transportation Act, 1997*. The purpose of the Fund is to generate revenues to be used for highway improvement projects. The Transportation Partnerships Fund generates revenues subject to the terms of trucking partnership agreements, in which the transportation companies pay the Fund a portion of cost savings achieved from being able to haul overweight and/or over dimension loads. Additional revenues are raised through the marketing of transportation related technology and expertise.

2. Significant Accounting Policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The Fund follows the deferral method for contributions. The following accounting principles are considered significant.

a) Revenue recognition
i) Transportation Partnerships Agreement revenue - recognized in the period the truck haul savings are realized.
ii) Contributions – recognized when received or receivable or when the related expenses are incurred if the contribution is restricted.

b) Cash and cash equivalents consist of amounts on deposit with the General Revenue Fund.

3. Due from General Revenue Fund

The monies of the Transportation Partnerships Fund are deposited in the General Revenue Fund. Under this arrangement, earned interest is calculated and paid by the General Revenue Fund on the net position of the Transportation Partnerships Fund on a quarterly basis using the Government's thirty day borrowing rate and the Transportation Partnerships Fund's average daily bank account balance. The effective interest in the year was 3.41% (2001 – 5.42%).

4. Related Party Transactions

All Government of Saskatchewan agencies such as departments, corporations, boards and commissions are related as they are controlled by the Government. These financial statements include transactions with other Government agencies. These transactions are in the normal course of operations and are recorded at agreed upon exchange amounts.

During the year, the Fund was charged $86,975 (2001- $85,278) by the Department of Highways and Transportation General Revenue Fund for salary and administrative expenses.

Accounts payable includes $756 (2001 - $29,318) due to the Highways Revolving Fund, and $66,503 (2001 - $0) due to SaskPower, a related party.

Transportation Partnerships Agreement Revenues include $89,894 (2001 - $32,808) from SaskPower, pursuant to a transportation partnership agreement between the Fund and SaskPower. At year-end SaskPower owed the Fund $51,000 (2001 - $0).

The Fund earned interest income of $108,192 (2001 - $140,295) on monies deposited in the General Revenue Fund. At year-end, the Fund had monies deposited in the General Revenue Fund totaling $5,346,348 (2001 - $2,956,678).

5. Deferred Revenue

In 2001-02, the Fund received $3,156,533 from the Department of Highways Appropriation. The funding will be used to provide financial assistance for eligible Short Line Railways and to improve the transportation infrastructure in Saskatchewan. All monies once repaid and monies not loaned to short line companies will be invested in infrastructure projects.

The monies will be recorded as revenue in the future period that infrastructure project expenditures are incurred.

6. Comparison of Planned and Actual Results

	Budget	Actual	Variance
REVENUE			
Transportation Partnership Agreements	$ 1,250,000	$ 1,024,358	$ (225,642)
Other Revenue	165,000	5,000	(160,000)
Interest Revenue	60,000	108,192	48,192
	$ 1,475,000	$ 1,137,550	$ (337,450)
EXPENDITURES			
Road Expenditures	$ 2,497,000	$ 1,842,891	$ 654,109
Other Transportation Initiatives	112,800	108,322	4,478
Administrative Expenses	97,500	86,795	10,705
	$ 2,707,300	$ 2,038,008	$ 669,292
SURPLUS (DEFICIT) FOR THE YEAR	$(1,232,300)	$ (900,458)	$ 331,842